

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:6244
ANSWERED ON:06.05.2005
DOLLAR RUPEE EXCHANGE RATE
Patil Shri Balasaheb Vikhe

Will the Minister of FINANCE be pleased to state:

- (a) whether the RBI intervenes in the market to maintain a dollar-rupee exchange rate that would not be unfavourable to export;
- (b) if so, the details thereof and reasons therefor; and
- (c) its impact on inflow of forex?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S.PALANIMANICKAM)

(a): The Reserve Bank of India (RBI) does not have a fixed or pre-announced target, or band. in its intervention operations in the foreign exchange market in India. The exchange rate of the rupee is determined by demand and supply conditions in the foreign exchange market and generally reflects the economic fundamentals, which, inter-alia, include external competitiveness of the Indian rupee.

(b)&(c); Do not arise.